

Message Text

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DRAFTED BY EB/IFD:PHBOEKER

APPROVED BY EB:MR. ENDERS

S/S :LCJOHNSTONE

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

C O N F I D E N T I A L STATE 120686 TOSEC 010252

NODIS

E.O. 11652:

TAGS: EGEN OVIP (KISSINGER, HENRY A.)

SUBJECT:ACTION MEMORANDUM - DIFFICULTIES WITH SIMON AND
SEIDMAN OVER THE ROLE OF EPD AND EAST-WEST TRADE BOARD
(S/S7510600)

FOR THE SECRETARY FROM ENDERS.

THE EPB EXECUTIVE COMMITTEE CONSIDERED THIS MORNING, MAY
22, A BRIEF DRAFT REPOR TO THE PRESIDENT ON THE EPB/CIEP
REVIEW OF FOREIGN ECONOMIC POLICY WHICH TOOK PLACE ON
MAY 2 AND 3. WE ASKED SEIDMAN TO POSTPONE THIS MEETING SO
THAT ROBINSON COULD ATTEND BUT HE DECLINED. AT THE MEETING
WE RAISED SEVERAL DIFFICULTIES WITH THE DRAFT PORT TO
THE PRESIDENT, WHICH WE HAD RECEIVED AT THE LAST MINUTE.
SIMON AND SEIDMAN WERE UNWILLING TO MEET OUR CONCERN ON
TWO KEY POINTS.

FIRST THE DRAFT PROPOSES THAT STATE AND TREASURY PREPARE
FOR THE EPB/CIEP A PAPER ON ISSUES RAISED BY THE NEW
ECONOMIC ORDER DEMANDS OF THE LDCS. WE VIEWED THE
INSERTION OF THIS ITEM, WHICH WAS NOT DISCUSSED AT ALL
DURING THE REVIEW, AS A PURE BUREAUCRATIC GRAB. AT THE EPB
EXECUTIVE COMMITTEE WE POINTED OUT THAT THE NEW ECONOMIC

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ORDER INVOLVES THE ARRAY OF POLITICAL, SOCIAL AND ECONOMIC

ISSUES RAISED BY THE LDCS IN THE UN; THEREFORE, OUR RESPONSE IS PRIMARILY A PROBLEM OF FOREIGN POLICY. WE FURTHER POINTED OUT THAT THE NORMAL PROCEDURE FOR INTER-

AGENCY COORDINATION ON OUR UN POSITIONS -- A TASK FORCE CHAIRED BY UNDER SECRETARY SISCO -- IS ALREADY AT WORK. SIMON AND SEIDMAN, WITH SUPPORT FROM GENERAL DUNN AND JAMES LYNN, INSISTED THAT US POSITIONS ON ECONOMIC ISSUES BEFORE THE UN HAVE TO GO THROUGH EPB UNDER ITS EXECUTIVE ORDER; IF STATE HAS A CONTRARY VIEW IT SHOULD BE STATED IN THE MEMORANDUM TO THE PRESIDENT ALONG WITH THE PROPOSAL FOR EPB COORDINATION.

SECOND, THE DRAFT MEMO STATES THAT THE EAST-WEST TRADE BOARD, CHAIRED BY SIMON, WILL CONSIDER INITIATIVES FOR POSSIBLE AMENDMENT OF TITLE 4 OF THE TRADE REFORM ACT. WE HAVE INFORMED SEIDMAN THAT YOU VIEW THIS AS A FOREIGN POLICY ISSUE TO BE TAKEN UP ON AN INTERAGENCY BASIS IN THE NSC CONTEXT. SEIDMAN HOWEVER APPEARS DETERMINED MERELY TO STATE OUR OPPOSING VIEW AND USE THIS AND THE ISSUE IN THE PARAGRAPH ABOVE AS THE OCCASION TO TAKE UP WITH THE PRESIDENT HIS DESIRE TO CLARIFY THE ROLE OF THE EPB AND THE EAST-WEST TRADE BOARD. (IN MEANTIME, TREASURY HAS CALLED WORKING GROUP MEETING FOR FRIDAY AFTERNOON TO BEGIN CONSIDERATION INITIATIVES. WE ARE REQUESTING CANCELLATION MEETING IN VIEW YOUR SATURDAY MEETING WITH SIMON.)

2. SEIDMAN HAS ARRANGED MEETING WITH PRESIDENT FOR 8:45 AM SATURDAY TO GO OVER EPB/CIEP MEMO AS WELL AS YOUR OECD SPEECH. THE COVERING MEMO TO THE PRESIDENT (FORWARDED BY SEPTTEL) AS WELL AS THE UNDERLYING EPB/CIEP PAPERS ARE POORLY DRAFTED, BASED ON INADEQUATE STAFF WORK AND REFLECT AN ODD VIEW OF THE MAJOR ISSUES IN INTERNATIONAL ECONOMIC AFFAIRS. SUBSTANTIVE ISSUES ARE NOT ADEQUATELY PRESENTED FOR PRESIDENTIAL DECISION.

3. RECOMMENDATION

-----1. THAT WE SEEK DILUTE FIRST ISSUE BY OFFERING SUBSTITUTE PARAGRAPH AS FOLLOWS:
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QUOTE NEW ECONOMIC ORDER

-----THE NEW ECONOMIC ORDER VOTED THROUGH THE UN GENERAL ASSEMBLY BY THE DEVELOPING COUNTRY BLOC STRESSES THE ARRAY OF POLITICAL AND ECONOMIC PRINCIPLES OF THE NON-ALIGNED AS WELL AS THE USUAL LIST OF DEMANDS FOR INCREASED ECONOMIC BENEFITS FROM INDUSTRIALIZED COUNTRIES. OUR POLITICAL

RESPONSE WILL HAVE TO DEAL BOTH WITH THE PRINCIPLES AND
THE SPECIFIC ECONOMIC ISSUES. STATE WILL DEVELOP OUR
OVERALL STRATEGY FOR CONFRONTING THE NEW ECONOMIC ORDER
IN THE UN AND VARIOUS INTERAGENCY MECHANISMS WILL

COORDINATE POSITIONS ON SPECIFIC ISSUES. UN POSITIONS
INVOLVING SIGNIFICANT ECONOMIC POLICY ISSUES WILL BE
PRESENTED TO BOTH THE EPB AND THE NSC. UNQUOTE.
APPROVE DISAPPROVE

-----2. THAT MEMO TO PRESIDENT REFLECT YOUR VIEW THAT
TITLE IV ISSUE NOT BE HANDLED BY E-W TRADE BOARD IN VIEW
CONGRESSIONAL AND FOREIGN POLICY SENSITIVITY.
APPROVE DISAPPROVE

-----3. THAT SCOWCROFT SEEK POSTPONEMENT OF MEETING WITH
PRESIDENT ON GROUNDS INADEQUATE PREPARATION.
APPROVE DISAPPROVE INGERSOLL

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